



PUBLIC NOTICE

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WIRELINE COMPETITION BUREAU ANNOUNCES CONNECT AMERICA PHASE II COST MODEL VIRTUAL WORKSHOP

WC Docket Nos. 10-90, 05-337

Washington, D.C. – The Federal Communications Commission’s Wireline Competition Bureau (Bureau) will convene a “virtual workshop” to solicit input from the public on Connect America Fund (Connect America) Phase II cost model design and inputs after the in-person workshop scheduled for September 13 and 14, 2012. The commencement date and instructions on how to access the virtual workshop will be released shortly in a public notice.

On November 18, 2011, the Federal Communications Commission (Commission) released the *USF/ICC Transformation Order*.¹ In the *Order*, the Commission adopted a framework for providing ongoing support to areas served by price cap carriers, including areas where broadband service is not currently provided, known as Connect America Phase II. Specifically, the Commission will provide ongoing support to these areas through “a combination of a forward-looking cost model and competitive bidding.”²

On December 15, 2011, the Bureau released the *Request for Models PN*, inviting interested parties to submit proposed forward-looking cost models.³ In response, parties submitted two models into the record. One model, submitted by the ABC Coalition, estimates the cost of providing service to the entire nation.⁴ The second model, submitted by ACS, estimates the cost of serving Alaska only.⁵

¹ *Connect America Fund, et al.*, WC Docket Nos. 10-90, et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011) (*USF/ICC Transformation Order* or *Order*); *pets. for review pending sub nom. In re: FCC 11-161*, No. 11-9900 (10th Cir. filed Dec. 8, 2011).

² *Id.*, 26 FCC Rcd at 17673, para. 23. The Bureau recently sought comment on a number of cost model threshold issues. See *Wireline Competition Bureau Seeks Comment on Model Design and Data Inputs for Phase II of the Connect America Fund*, WC Docket Nos. 10-90, 05-337, Public Notice, 27 FCC Rcd 6147 (Wireline Comp. Bur. 2012) (*Model Design PN*).

³ Request for Connect America Fund Cost Models, Public Notice, WC Docket Nos. 10-90 and 05-337, 26 FCC Rcd 16836 (Wireline Comp. Bur. 2011) (*Request for Models PN*).

⁴ Letter from Jonathan Banks, USTelecom, to Marlene H. Dortch, Federal Communications Commission, filed Feb. 13, 2012 (attaching updated documentation of CQBAT model) (CQBAT letter). This submission updated the ABC Coalition’s prior proposal for a forward-looking model, which had been submitted prior to the release of the *USF/ICC Transformation Order*. Letter from Robert W. Quinn, Jr., AT&T, Steve Davis, CenturyLink, Michael T. Skrivan, FairPoint, Kathleen Q. Abernathy, Frontier, Kathleen Grillo, Verizon, and Michael D. Rhoda, Windstream, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 et al., Attach. 1 at 13 (filed July 29, 2011) (ABC Plan). The ABC Coalition model was submitted pursuant to a protective order adopted by the Bureau. See *Connect*

Interested parties may access the models and all underlying data, formulae, computations, and associated software to evaluate their suitability for use in determining support levels for Connect America Phase II in price cap areas, subject to protective orders.⁶

On June 8, 2012, the Bureau released the *Model Design PN*, seeking comment on model design and data input issues generally and the submitted models particularly.⁷ The *Model Design PN* identified certain threshold model design decisions and sought comment on specific proposals for the design of the model and data inputs to be used. This was not intended to be an exhaustive list of such issues, but rather the next step in the open, deliberative process to determine the design of the model the Bureau will ultimately adopt. Subsequently, the Bureau scheduled an in-person workshop to discuss the models submitted by the ABC Coalition and ACS, to be held at the Commission on September 13 and 14, 2012.⁸

To provide additional opportunities for all affected stakeholders and interested parties to provide input, the Bureau will also solicit input on the characteristics of a model that will best fulfill the objectives established by the Commission in the *USF/ICC Transformation Order* in an ongoing “virtual workshop.” The virtual workshop will begin soon after the in-person workshop and will continue for a period of weeks sufficient to allow public input on all material issues. Discussion on multiple related topics will be facilitated through online discussion forums hosted on the Commission website where Bureau staff and members of the public can share information and ideas in near real-time, while weighing the advantages and disadvantages of different approaches for meeting the goals established in the *USF/ICC Transformation Order*. A virtual workshop will allow the Bureau to capture the best of real-time workshops – interactive discussion that highlights areas of agreement and provides a forum for discussion on areas where consensus may be harder to reach – while at the same time giving participants the time to fully consider and develop their advocacy. In addition, the virtual workshop will allow those who might not be able to join an in-person workshop to contribute to the conversation, thereby enhancing participation from all stakeholders. At the close of the virtual workshop, an electronic copy of all posts will be placed in the official record of the relevant dockets, much as a transcript of a hearing would be placed in the record.

The virtual workshop will seek input on a variety of topics related to the development and adoption of the model, including decisions that will ensure the model calculates forward looking economic costs using reasonable economic and engineering assumptions.⁹ In addition, the workshop will seek input on the most appropriate sources for data. While we anticipate adding additional topics in response to issues raised in the workshop, specific topics for discussion will include subjects addressed in past proceedings to develop the Commission’s high-cost proxy model, such as, for example, the method

America Fund, High-Cost Universal Service Support, WC Docket Nos. 10-90 and 05-337, Second Supplemental Protective Order, 27 FCC Rcd 1503 (2012).

⁵ Comments of Alaska Communications Systems Group, Inc., WC Docket Nos. 10-90 and 05-337 (filed Feb. 14, 2012); See *Connect America Fund, High-Cost Universal Service Support*, WC Docket Nos. 10-90 and 05-337, Second Protective Order, 27 FCC Rcd 1494, 1494 n.2 (2012).

⁶ See *USF/ICC Transformation Order* at 74, para. 192; *Request for Models PN*, 26 FCC Rcd at 16837, para. 4..

⁷ *Model Design PN*, 27 FCC Rcd 6167.

⁸ *Wireline Competition Bureau Announces Connect America Phase II Cost Model Workshop*, WC Docket Nos. 10-90 and 05-337, Public Notice, DA 12-1313 (Wireline Comp. Bur. rel. Aug. 20, 2012); *Wireline Competition Bureau Announces Agenda for Connect America Phase II Cost Model Workshop*, WC Docket Nos. 10-90 and 05-337, Public Notice, DA 12-1463 (Wireline Comp. Bur. rel. Sept. 10, 2012).

⁹ See *USF/ICC Transformation Order*, 26 FCC Rcd at 17735, para. 185.

for determining customer locations, the approach to routing and clustering, and the approach to capturing variation in cost by geography.

The workshop will remain open for a period of time sufficient to discuss the topics presented. However, much like an in-person workshop, the virtual workshop will be guided by an agenda to ensure that all topics receive consideration and discussion of particular topics within the workshop may start and end at specific times that will be announced in advance.

Comments from the virtual workshop will be included in the official public record of this proceeding. The Bureau will not rely on anonymous comments posted during the workshop in reaching decisions regarding the model. Participants should be aware that identifying information from parties that post material in the virtual workshop will be publicly available for inspection upon request, even though such information may not be posted in the workshop forums.

Reasonable accommodations, including materials in accessible formats (braille, large print, electronic files, and audio format) for people with disabilities are available upon request. Please include a description of the accommodation you will need, and tell us how to contact you if we need more information. Please make your request as early as possible. Last minute requests will be accepted but may be impossible to fill. Accommodation requests should be sent to Kelly Jones, Kelly.Jones@fcc.gov or 202-418-7078 (voice), 202-418-1169 (TTY), or (845) 474-0054 video.

For further information, please contact Katie King, 202-418-7491, Katie.King@fcc.gov or Ted Burmeister, 202-418-7389, Theodore.Burmeister@fcc.gov.

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